

Pay Equity

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March 1986

MESSAGE FROM THE HONOURABLE IAN SCOTT ATTORNEY GENERAL AND MINISTER RESPONSIBLE FOR WOMEN'S ISSUES



Welcome to the first in a series of newsletters on pay equity.

Pay equity will be implemented across the province of Ontario, but its realization depends on the active co-operation of business, labour and government.

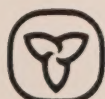
As a government, we wish to share with the people of Ontario accurate, up-to-date information on pay equity. Only when all affected groups — and it will affect all of us, one way or another — have achieved an understanding about what pay equity means, can a meaningful dialogue take place.

Public interest in pay equity is very high because the message has gone out that a significant change is taking place in the way work performed by many women is to be valued.

Its basic premise — that it is the work performed and not the gender of the worker doing it that counts — is very simple.

The purpose of this newsletter and those to follow is to continue the dialogue on how pay equity can be implemented in the workplace and provide timely information about its application.

The Honourable Ian Scott
Attorney General and Minister Responsible for Women's Issues



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PUBLIC CONSULTATIONS BEGIN

Province-wide public consultations on Pay Equity got underway in February with meetings in Toronto, Sudbury and Thunder Bay. Other meetings will be held in Windsor, Ottawa and again in Toronto between now and May 14th.

The purpose of the meetings is to provide the public with an opportunity to assist in the development of pay equity legislation for the broader public and private sectors.

Throughout the consultations, the public will comment on options outlined in the government's Green Paper. Under discussion will be how best to implement pay equity.

Among the issues for debate are: the time frame for the implementation of pay equity; the need, if any, for the exemption of any sectors; the merits of a complaint-based system, which depends on an employee making a complaint, versus an employer-initiated model, which puts the onus on the employer to ensure that the organization's pay practices are not gender-biased.

Panelists selected by Premier David Peterson to hear presentations include: David Clark, President and CEO of the Campbell Soup Co.; Dr. Gail Cook, Executive Vice President of Bennecon and author of *Opportunity for Choice: A Goal for Women in Canada*; and William Dimma, President and CEO of Royal Lepage Ltd.

To date, the consultation panel has heard 33 submissions representing the interests of labour, business and women's organizations and has heard a broad range of views.

The Ontario Federation of Labour and the Equal Pay Coalition, for example, have firmly stated that pay equity legislation is needed *now* in the public and private sectors.

Pay equity adjustments are crucial said the Equal Pay Coalition. Given that "fully 61 per cent of women who work in the labour force earn less than \$6000 per year, compared to 28 per cent of men," said the coalition, pay equity will move many women above the poverty line. In 1981, 40 per cent of women who worked were single, widowed or divorced.

In Sudbury, the local Chamber of Commerce refused to discuss the equal value options proposed in the Green Paper. Sudbury Chamber representatives maintain there is no need for a pay equity policy.

Women employers in Sudbury, who are members of the Business and Professional Women's Club, strongly backed pay equity. "We are willing to back this cause because we feel we're not asking the private sector to do anything more than we are prepared to do," said the club's president Trudy Bolduc.

The Canadian Association of Women's Executives (CAWE), representing women in managerial, supervisory and senior executive positions in both the public and private sectors, also supported pay equity and the broader concept of employment equity. CAWE also recommended that private companies be given at least two years to accumulate data and familiarize their workforce with the concept and its benefits.

The next hearing is scheduled for Windsor on March 11, followed by Toronto on March 27, Ottawa on April 17 and Toronto again on May 14.

Following these public consultations, the panel will meet with the Premier and present a summary report of its findings.

PREMIER APPOINTS LABOUR AND BUSINESS ADVISORS

As part of its ongoing process to involve the public in decisions concerning the implementation of pay equity, Ontario Premier David Peterson has established two advisory groups. One will represent business, the other labour. Comprised of business and labour leaders, these two groups will, over the next few months, meet regularly with the Premier, Ian Scott, Minister Responsible for Women's Issues and senior government officials.

"Our government recognizes that both business and labour may have implementation concerns and constructive advice about the application of this government's commitment to pay equity," said Mr. Scott. "These concerns must be addressed, and addressed speedily, at the highest levels of government." The meetings will give the Premier an opportunity to hear the views of many of the business and labour groups which will be involved in implementing the principle of pay equity on a practical basis in the workplace.

PAY EQUITY: MAKING IT WORK IN MINNESOTA

Ontario is fortunate to have as an example the experience of other jurisdictions which have successfully implemented pay equity. In 1982, the state of Minnesota became a forerunner in North America when it implemented a pay equity program for its 35,000 employees. The state government took the action as a result of recommendations made by a task force established in 1981 to look at the status of female state employees. Today, pay equity programs for state employees are almost completed and the pre-pay equity wage gap has been reduced to 10 per cent from 25 per cent. The state government is now ensuring that a similar system is implemented by all local governments and jurisdictions within the state. *Nina Rothchild,*

Commissioner of Employee Relations for the state of Minnesota, and former director of the task force, was in Toronto recently to address a conference on pay equity sponsored by the Planning Forum. She offered us her reflections on the Minnesota experience, as well as her personal views on pay equity in general.

Pay Equity Is An Issue Whose Time Has Come

Nina Rothchild: "To understand why there is a growing demand for pay equity programs, you have to go back 20 years. Until that time — when equal pay for equal work legislation was introduced — it was perfectly legal to pay women less for doing the same job. It's useful to remind ourselves here, that the same arguments that were used against that legislation are very similar to the arguments some people are using today against pay equity.

"At one time, people thought equal pay for equal work laws would equalize gender related wage discrepancies, but the fact is that the labour market is still characterized by a high degree of segregation and that very seldom do you find men and women doing the same type of work. We've tried to break that down with various programs, including affirmative action, but that really hasn't worked very well. Thus, more and more people are coming to the conclusion that if you want equity, if you want to eliminate the double standard of wages, then the next and only logical step is to pay the work women do according to the same standards you set for paying men."

The Need For More Than Affirmative Action

Nina Rothchild: "Of course, you need to continue affirmative action programs very vigorously. Particularly, you have to ensure that women have access to higher classifications of jobs. Schools can also help by making young girls

aware that they have opportunities beyond the typing pool. I am convinced, however, that as long as we maintain a subordinate attitude toward women in the labour market, schools are not likely to be educating children for a different world. Our education system tends to prepare children for the world as it is. Thus, if we're living in a world where women are treated as less valuable, then our education systems are going to prepare young girls for just that reality."

Nor Is The Solution For Women To Move Into Men's Jobs

Nina Rothchild: "It has been suggested that, in order to reach equality, men and women should just change jobs. In the United States, for example, that would mean 10 million men and women would have to exchange work. And you would have to convince these men, who are making \$25,000 a year on average, to go to typing school and settle for a job that pays \$16,000. My guess is that you would have trouble finding one man who would do this.

"Furthermore, we have to recognize that economically speaking, the number of blue collar jobs — traditionally men's jobs — is diminishing while the number of information service jobs — traditionally women's — is growing. Thus, to say you will put a whole lot of women into men's jobs flies in the face of common sense."

Job Evaluation: You Can Compare Apples And Oranges

Nina Rothchild: "People who say you can't compare a secretary's job with that of a groundskeeper are really only raising a red herring. The fact is, you can. We've proven as much in Minnesota. We use the Hay Job Evaluation System which has been around for 40 years and is used widely by public sector employers. Essentially, this system awards points based on four criteria: knowledge and skill; responsibility; accountability; and

working conditions. So we can get an adequate assessment of value between, say, a nurse and a tree trimmer.

"Evaluation systems need not be complex or formal. People seem to be confused about the need for job evaluation systems that perfectly define all possible jobs, all possible factors and all possible ways of measuring the value of factors. Pay equity does not require such impossibilities. It simply requires that wages be based on factors other than the sex of the persons who are performing the jobs in question."

Most Criticisms Are Unfounded

Nina Rothchild: "There is always a certain amount of hysteria surrounding the issue of pay equity. My message to the critics is to look and see what happens when pay equity actually takes place. My guess is that they would find good management practices taking place. When they discover that all these dire predictions about unemployment and huge costs don't take place, when they realize that most of their worries are hypothetical rather than real, then they might get over their fears about the issue."

PAY EQUITY: FACT AND FICTION

Heralded in newspaper headlines; examined in public debate; and discussed around boardroom and cafeteria tables — "pay equity" has become a familiar buzz word to most members of Ontario's workforce. Yet, if the term itself has become well known, the actual meaning and ramifications of pay equity — who it affects, how it will affect them and what it will cost — are less well understood.

"Pay equity" is another term for "equal pay for work of equal value." It attempts to address the historical undervaluation and underpayment of women's work. It is a commitment to the alleviation of this historical

imbalance by ensuring that "the value of the work, not the gender of the worker" becomes the main factor for assessing and setting salaries.

Pay Equity Is Not Equal Pay for Equal Work

Pay equity does not mean the same thing as equal pay for equal work — which has been law in Ontario since 1951. Rather, pay equity encompasses jobs that are dissimilar by definition but comparable in terms of skill required, responsibility given, effort demanded and working conditions implied. Thus, while the law governing equal pay for equal work guarantees that male and female typists in one company and male and female bricklayers in another are paid the same, pay equity will go further. It will ensure, for example, that a female administrative secretary is paid the same as a male groundskeeper — if the two jobs are judged to be of equal value by a standard evaluation system.

Different Jobs Can Be Compared

In Canada, under federal legislation, the jobs of female cafeteria, laundry and personal services were found to be of equal value to those of male warehouse, building and custodial service personnel. The jobs of female home economists and physical therapists were found to be of equal value to those of predominantly male agriculture and forestry employees. Under the United Kingdom's pay equity system, the job of an administrative assistant was found to be comparable to a data analyst working in the same establishment.

Why Pay Equity?

In 1982, in Ontario, the average salary for a full time working woman was \$15,910. The average man's salary was \$25,562, resulting in a wage gap of 38 per cent. Studies show that upwards of

one quarter of this wage gap is attributable to traditional attitudes by employers concerning the value of "women's work."

It is a gap that the Ontario government finds unacceptable. "The achievement of pay equity for women is not at issue," said Ian Scott, Minister Responsible for Women's Issues. "The commitment to pay equity in the public and private sectors has already been made."

The Wage Gap Will Narrow

First, the government recognizes that pay equity alone cannot and will not alleviate the entire wage gap that exists between men and women. Only those men and women holding jobs in occupations that are predominated by female workers will be affected by pay equity legislation. This will address the historical undervaluation of these jobs.

While the government is making a commitment to pay equity, it is also encouraging the public and private sectors to adopt affirmative action programs to enable women, where possible, to move into non-traditional jobs.

Male Wages Will Be Protected

Pay equity protects the rights and salary levels of male workers. The government has let it be known that employers, when implementing pay equity cannot do so by reducing the pay levels of their male employees.

Costs

Pay Equity will not be implemented cost free. Again, however, experience dictates that the cost of pay equity need not be formidable. In Minnesota, the total cost of reducing the wage gap to 10 per cent from 25 per cent has been 3.7 per cent of the state's total payroll.

Manitoba has limited its four-year phase-in program to a ceiling of one per cent of payroll annually.

The cost of the pay equity program to be borne by the private sector depends very much on the type of implementation scheme chosen: to whom pay equity will apply, when and how.

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